



March 31, 2003

Chief of Records
ATTN: Request for Comments
Office of Foreign Assets Control, Department of Treasury
1500 Pennsylvania Avenue N.W.
Washington, D.C. 20220

Subject: Proposed Revisions to OFAC's Internal Economic Sanctions Guidelines

Dear Sir or Madam:

Thank you for the opportunity to comment on the proposed revisions to OFAC's Internal Economic Sanctions Guidelines. Boeing Employees' Credit Union (BECU), is a \$4 billion, state-chartered, federally insured credit union, with a membership size of approximately 340,000.

We feel there are not any additional situations other than the ones listed in the proposal in which financial institutions should be issued a warning letter instead of a proposed civil penalty. We feel if a financial institution has an established OFAC Program, the Guidelines are acceptable. Financial institutions will avoid the majority of the aggravating factors by conducting research and having a program in place.

We believe that one factor that should be taken in consideration to mitigate a penalty is whether OFAC measures the financial institution's willingness to comply. For example, did the financial institution, using an otherwise reliable system to comply, have reasonable time to comply? Failure to respond, late filing, and maintaining records are all factors that should serve to mitigate penalties. We feel some of the smaller financial institutions that haven't yet implemented a program may encounter definite trouble adhering to some of the guidelines and covering all of their bases.

We do agree with the list of aggravating factors that would increase a penalty. Intentional or consistent non-compliance should carry a penalty. The aggravating factors show a fair and consistent penalty schedule and we don't see any that should be dismissed as an "accident".

We feel the voluntary disclosure provision could serve as an effective incentive, however, we think OFAC should consider assessing the full penalty if it later determines that the financial institution willfully withheld information or intentionally deceived OFAC. Another concern would be lack of safeguards on the front end. If financial institutions know that their penalty will be reduced by 50% if they voluntarily share the information, we're not certain they will be as diligent on the front end at verifying their members/customers.

We do feel the Guidelines are sufficiently flexible. There is built-in flexibility for explanations and for letting institutions respond and explain the situation. As noted earlier however, smaller financial institutions may not think the Guidelines are flexible. They would most likely need additional flexibility, as they don't have defined guidelines on verification of identity.



Again, thank you for the opportunity to respond on the proposed changes and we look forward to reviewing the final outcome.

Sincerely,

A handwritten signature in black ink, which appears to read 'Gary J. Oakland', is written over a horizontal line.

Gary J. Oakland
CEO/President